

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7011

BILL NUMBER: HB 1111

NOTE PREPARED: Jan 14, 2010

BILL AMENDED: Jan 14, 2010

SUBJECT: Veteran Matters.

FIRST AUTHOR: Rep. Barnes

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill provides a 3% price preference for businesses owned by veterans for purposes of state public works contracts, state purchasing of goods and services, and state highway contracts.

The bill also makes changes to the definition of "Armed Forces" to include service in the Merchant Marine for matters relating to the Bureau of Motor Vehicles (BMV).

The bill authorizes the Indiana Department of Veterans' Affairs to aid and assist Merchant Marines entitled to benefits by the United States, the state, or another state or government. The bill also authorizes the Indiana Veterans' Home to admit as members: (1) certain individuals who served in the Merchant Marine; or (2) the spouse or surviving spouse of certain individuals who served in the Merchant Marine.

Effective Date: July 1, 2010.

Explanation of State Expenditures: (Revised) *Indiana Veteran's Home Eligibility:* This bill expands the eligibility for entry into the Indiana Veterans' Home. The bill would allow the following individuals and their spouse or surviving spouse to be eligible for admission to the Indiana Veterans' Home; an individual who (1) served in the Merchant Marines during World War II, (2) is considered disabled or destitute, and (3) has been a state resident for at least three years. This bill may increase the number of individuals who are admitted to the Indiana Veterans' Home.

If the Indiana Department of Veterans' Affairs (IDVA) admits more individuals to the Indiana Veterans' Home under the expanded eligibility criteria, any increase in expenditures will be funded from Medicaid and

the federal Veterans' Administration.

According to the U.S. Department of Defense, there are a total of 9 former or retired Merchant Marines that claim Indiana as their state of residence and a total of 306 former or retired Merchant Marines that do not claim a state or residence. It is not known how many of these individuals would meet residency requirements for entry into the Indiana Veterans' Home or how many spouses or surviving spouses may be eligible.

(Revised) *Contracting Preference*: Under the bill, veterans are provided a 3% price preference in request for proposals (RFPs). This bill may increase state expenditures to the extent a veteran's more expensive RFP is selected over an otherwise lowest competitive bid as a result of the price preference. Currently, the Indiana Department of Administration (IDOA) does not have a reporting mechanism in place to quantify which contracts are submitted by veterans. The total impact this bill may have on state expenditures is indeterminable.

Background Information:

The IDOA reports a similar contract preference, the Buy Indiana program (implemented in 2004), has had no discernable effect on state expenditures. IDOA gives a preliminary contract preference to RFPs that qualify for a preference. However, it was reported that the Department negotiates with these preliminarily selected RFPs to negotiate lower bids. Additionally, it was reported that a majority of the businesses that would be eligible for a veteran's contract preference would also be eligible for the Indiana Small Business price preference of 15%. Only one price preference can be claimed per RFP. It is assumed that most veteran RFPs who qualify for both price preferences would opt for the Indiana Small Business preference.

IDOA reports there are 975 active public works contracts totaling \$59 M for capital improvement and preventative maintenance projects. These figures do not include the leasing of properties utilized by state agencies outside of the Indianapolis Government Center complex or university projects. The IDOA Procurement Division currently maintains 3,000 state contracts that exceed \$100,000 and are worth a minimum of \$30 M.

Explanation of State Revenues: *Bureau of Motor Vehicles*: Under the bill, more Merchant Marines would be considered veterans and therefore eligible to purchase either a Disabled American Veteran Plate or a Hoosier Veteran Plate, depending on further qualifications. If there is an increase in the number of Hoosier Veteran Plates sold, there will be an increase in revenue deposited in the Military Family Relief Fund (MFRF). For every Hoosier Veteran Plate sold, \$15 is deposited into the MFRF. If the nine discernable former or retired Merchant Marines that reside in Indiana purchase a Hoosier Veteran Plate during FY 2011, revenue to the MFRF can be expected to increase by \$135.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected:

Information Sources: BMV; Tom Applegate, IDVA; U.S. Department of Defense; Connie Smith, IDOA;

Chris Kiefer, INDOT; Rob Wynkoop, IDOA.

Fiscal Analyst: Bill Brumbach, 232-9559.